

डॉक्टर स्वयं ऐसी दवाइयां लिख रहे हैं जिन्हें कोई गरीब आदमी खरीद ही नहीं सकता। उस दवा को खाने के बाद मामूली दवा कभी काम नहीं कर सकती। मान्यवर, माननीय मंत्री जी जो कि स्वयं एक रिनाउंड डॉक्टर हैं, मेरी व्यथा से सहमत होंगे और इस पर रोक लगाने के लिए कोई कार्यवाही करेंगे या कोई जांच करवाएंगे।

डा० सी० पी० ठाकुर: सर, दवा का दाम कम होना चाहिए, इस बारे में दो मत नहीं हैं, लेकिन कोई भी कंपनी जब किसी दवा की रिसर्च करती है तो उस में उस को करीब एवरेज 200 मिलियन डॉलर्स का खर्च आता है और शुरू में सभी कंपनीज उस दवा के दाम को ज्यादा रखती हैं। लेकिन जब उस दवा का खर्च निकल आता है तो उस का दाम घटने लगती है। मान्यवर, मोस्ट ऑफ द सॉल्ट जो दवा के लिए इस्तेमाल करते हैं और जिसे हमारी इंडियन कंपनीज भी बनाती हैं, वह मोस्ट ऑफ द सॉल्ट कंपनीज उन्हीं से लेती हैं और जब तक वह पेटेंट पीरिएड में रहेगा, वह उस के दाम को बढ़ाकर रखेगी। यहां भी अगर कोई कंपनी पेटेंट खरीद कर दवा बनाती है तो उस को भी दवा का दाम उसी हिसाब से रखना पड़ता है, लेकिन जब उन का पेटेंट पीरियड खत्म हो जाता है, उन का पैसा निकल जाता है तो दाम घटने लग जाता है और घटते-घटते काफी कम हो जाता है। मान्यवर, कलोरोमाइसिटिन दवा जब शुरू हुई थी तो 45-46 रुपये का एक कैप्सूल आता था, लेकिन अब उसी की कीमत घटकर एक, डेढ़ रुपए हो गयी है। लेकिन मैं माननीय सदस्य के मत से सहमत हूँ कि दवा सस्ती होनी चाहिए और आम जनता की पहुंच के अंदर होनी चाहिए। इस में दो मत नहीं हैं।

*202. [The questioner (Shri K. Kalavenkata Rao) was absent for answer, vide page 22 *infra*.]

Market borrowings of SAIL

- *203. SHRI B. J. PANDA: Will the Minister of STEEL be pleased to state:
- (a) the level of total market borrowing of SAIL as on 30th June, 2001;
 - (b) how much, out of that, is high cost debt (interest between 15—17 per cent);
 - (c) the action plan to refinance this high cost debt; and
 - (d) how much low cost borrowing (interest 10—12 per cent) was made in the year 2000-2001 and how much high cost debt was repaid out of this?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI BRAJ KISHORE TRIPATHY): (a) to (d) A statement is laid on the Table of the House.

Statement

(a) The level of total market borrowing of Steel Authority of India Limited (SAIL) as on 30th June, 2001 is Rs. 14101 crores.

(b) Out of that, Rs. 960 crores is high cost debt (interest rate between 15—17 per cent).

(c) The entire amount of Rs. 960 crores is due for maturity during the current financial year. This is proposed to be repaid out of market borrowing, the proceeds of assets restructuring and reduction in working capital.

(d) SAIL made borrowings of Rs. 1287 crores, comprising of Bonds, Term Loans etc. which include Rs. 347 crore of loans bearing interest at less than 12% per annum. The balance amount of Rs. 940 crore was raised at interest rate between 12% to 13.05% per annum. Rs. 923 crores were utilised for repayment of high cost Bonds (interest rate between 15—17 per cent).

SHRI B.J. PANDA: Sir, in the statement laid by the hon. Minister, it has been indicated that less than seven per cent of the debt of the Steel Authority of India is high cost debt, and also that the entire portion of the high cost debt is due for maturity and repayment during this year. It also indicates that the plan for repaying the debt is based on some borrowings at lower costs this year as well as restructuring of assets. If I may refer to the restructuring plan of SAIL, approved by the Government of India last year, one of the major areas that it focuses on is the management principle of concentrating on core competence. In other words, the plan indicates that a steel maker should get out of those operations which do not have much to do with steel. In particular, it mentions disposal of non-core assets such as power plants, oxygen plants etc. I would like to seek a clarification from the Minister whether this is being implemented, and, to what extent, these non-core assets are being disposed of to take care of the financial restructuring.

SHRI BRAJ KISHORE TRIPATHY: Sir, so far the proposal concerning the repayment of high cost debts is concerned, the entire amount is proposed to be repaid out of market borrowings, the proceeds of assets restructuring and by reducing the working capital. There are so many proposals. Business restructuring is not the only proposal through which the repayment of debt will be made. So far as the business restructuring is concerned, the proposal is going on smoothly. The proposal concerning divestment of the non-core assets, so far as the power plant is concerned, has also been going on smoothly since last year. And, this year also, there is also proposal for business restructuring.

SHRI B.J. PANDA: Sir, one of the other major aspects, as admitted in the performance Budget of SAIL for 2001-2002, contributing to SAIL's difficulty is that its manpower cost is 18 per cent of the cost of production, and this compares with four to five per cent for the new entrants in the steel industry. There has been a stated plan to introduce VRS and to reduce the manpower cost of SAIL. But, in fact, if you compare it with the figures that are available with me, from March, 2000 to September, 2000 there has been only a very marginal reduction of manpower through VRS. Would the hon. Minister clarify as to what are the plans to further implement the VRS and to reduce the manpower cost?

SHRI BRAJ KISHORE TRIPATHY: Sir, so far the VRS is concerned, it is part of our business restructuring. Last year, there was no wage revision. Therefore, the employees did not find the VRS very attractive. We have done the wage revision very recently and now there will be no difficulties with the VRS. The target will be fulfilled in this financial year.

SHRI PRANAB MUKHERJEE: Mr. Chairman, in response to the question, the hon. Minister has stated in the statement, which has been laid on the Table of the House, that an amount of Rs. 960 crores is high cost debt and it is proposed to be repaid in the current financial year. In that context, I would like to know from the hon. Minister what the overall impact on the balance-sheet of SAIL would be, after this high cost borrowings of Rs. 960 is repaid? In this connection, I would also like to know what the target is, because the hon. Minister has stated that some of the units run, and some of the activities carried on, by SAIL are likely to be discontinued, and some of its assets related to power plants, etc., are going to be disposed of. I would like to know from the hon. Minister whether he has made any plant-wise study as the captive power plants were not created out of fancy or out of whims. The captive power plants were created by the Steel plants in order to ensure uninterrupted, continuous flow of quality power. The other sources could not provide that. Before taking a decision to dispose of the captive power plants, has the hon. Minister studied the availability of power to run the units in respect of each plant located in different States? These are the two questions to which I would like to have answers from the hon. Minister.

SHRI BRAJ KISHORE TRIPATHY: Sir, so far as borrowing of SAIL is concerned, SAIL had to resort to market borrowings, to a large extent, since the internal resource generation was not sufficient. This resulted in high debt/equity ratio, and high interest and low debt-service coverage ratio. This has

[6 August, 2001]

RAJYA SABHA

caused significant financial strain to SAIL and adversely affected its capital structure Sir, the figures indicate that from 1994-95 to 1998-99, SAIL went on borrowing, on an average, Rs. 2,000 crores every year. On 31st March, 1999 the amount was Rs. 21,017 crores. On 31st March 2001, it has been reduced to Rs. 14,251 crores. SAIL has started repayment. There was no default in repayment. The obligation was fulfilled in due time. SAIL is in a good position. It has also made investments. The hon. Members pretty well know that. SAIL had to spend about Rs. 12,500 crores for modernisation at one go. To a great extent, this is the reason for the debt position of SAIL.

SHRI PRANAB MUKHERJEE: How much are you getting as Budgetary support for this modernisation? Have you got that figure?

SHRI BRAJ KISHORE TRIPATHY: Of course, there is no Budgetary provision for this purpose. But the Government has helped with about Rs. 8,000 crores in 2000-01. The SDF and Govt. loan was Rs. 5,450 crores, which has been completely waived. There was a Government loan of Rs. 381 crores, which has also been completely waived. Over and above these things, the Government has given Rs. 3,000 crores guarantee for VRS and loan repayment with 50 per cent subsidy on interest. So, the Government has come to the rescue of SAIL so that it should be a viable company. The Government has given help of about Rs. 8,000 crores last year.

SHRI PRANAB MUKHERJEE: What about the disposal of power plants? Have you studied the availability of power?

SHRI BRAJ KISHORE TRIPATHY: So far as the disposal of the power plant is concerned, it is part of the business restructuring package which has been approved by the Cabinet. This is a joint venture project; it has not been privatised completely...*(Interruptions)*.

SHRI PRANAB MUKHERJEE: My question is very simple. You may dispose it of or you may not dispose it of. If you dispose it of, are you sure of the availability of uninterrupted quality power to run the plant? This is my simple question. Have you made any study in respect of each of the plants?

SHRI BRAJ KISHORE TRIPATHY: so far as electricity charges are concerned, it would be about the same price. There will be no difficulty so far as the power supply is concerned.

SHRI RAVI SHANKAR PRASAD: Sir, as I see from the reply, the health of the Steel Authority of India does not seem to be very encouraging. The high cost debt of Rs. 960 crores is in stark contrast to the cost of steel being produced

by the Steel Authority of India. The economy has opened up and foreign players are coming and the cost variation is there for all of us to see. But we also want the SAIL to survive and survive with dignity. Therefore, my question is two-fold. Have you got any particular time-bound programme not only for restructuring but also for making steel cost-effective? If so, in what timeframe are you going to implement it?

SHRI BRAJ KISHORE TRIPATHY: Sir, so far as the interest pattern of the SAIL is concerned, the SAIL is taking all steps, as said earlier. There is no default in the repayment. This Rs. 960 crore high cost loan shall be repaid fully and there will be no high cost loan at the rate of 15—17 per cent. There will be no high cost loan. Whatever loan the SAIL is taking now is a low cost loan, at the rate of 12-13 per cent. So SAIL is getting a benefit of Rs. 39 crores out of this. Earlier it was a high cost loan at the rate of 15 to 17 per cent. The SAIL is taking steps to reduce the borrowing limit and that will help the SAIL in future.

SHRI RAVI SHANKAR PRASAD: Sir, my question was about restructuring.

SHRI JIBON ROY: The basic malaise which is affecting the finance of the Steel Authority of India is its decision to modernise the plants without any budgetary support from the Central Government. They had thought to help of the Central Government at that point of time. But the Central Government did not come forward to its rescue when it was in difficulty. In the year 2000-01, the SAIL had to pay Rs. 1,752 crores on account of interest on loans. Its loss was Rs. 700 crores in the year 1999-2000. Its business was affected because of the high cost loan. In 1999-2000, in total they had to pay an interest of Rs. 1,789 crores and its loss was Rs. 1,700 crores in 1998-99. The Central Government did not come to the rescue of the SAIL. They had taken a huge fund out of the SAIL. They had forced the Steel Authority of India to dispose of three or four plants. They had forced the trade unions to accept that position which was not good for the factory because the frequency of power differs. They have taken a decision against technical and technological discipline. In spite of this, they are in serious difficulty. The SAIL can be saved only if the Government of India comes forward with some support either in the form of equity or in the form of loan and help the SAIL to retire its high cost loans. Even if the high cost loans at the rate of 15—17 per cent is returned, the SAIL will have to pay interest on other loans at the rate of 12 or 13 or 14 per cent. It is not a small rate of interest. In that case, I wish to know from the hon. Minister whether they have sent any proposal to the Government of India to

assist them either in the form of equity or in the form of low cost loan at the rate of 4 to 5 per cent so that they can retire the old loan and make the company viable. If this is done, then, the Steel Authority of India Limited will become viable this year itself. Otherwise, there will be further erosion in the performance of the company; as it is, in the first half of this year, it has suffered a heavy loss. So, I would like to know whether SAIL has sent in a proposal; if at all they have sent a proposal, then, what is the reaction of the Government of India to it? I have also come to understand that the Government has refused to give them the guarantee.

SHRI BRAJ KISHORE TRIPATHY: This is not true. Sir, it is a fact that there was no budgetary support from 1994-95 to 1998-99. Even for modernisation of SAIL, the entire amount was raised through borrowings. So far as the Government guarantee is concerned, I want to inform the hon. Member that recently as on 31st July, the Government had issued a guarantee of Rs. 500 crores for repayment of these high-cost loans. The Government has, every time, come to the rescue of the SAIL to see to it that it is not referred to the BIFR.

SHRI SHANKAR ROY CHOWDHURY: Mr. Chairman, Sir, my supplementary is an extension to Shri Jibon Roy's supplementary and also an extension to the original question put by the hon. Member, Shri Panda. Sir, SAIL is modernising its units without budgetary support. I want to know whether, in extension of that, the Government is considering restructuring and downsizing the unproductive bureaucracy in the Ministry of Steel.

SHRI BRAJ KISHORE TRIPATHY: Proposals are on the cards. So, it is not to be thought that it is only on paper and that it is not being executed. In this business restructuring which the SAIL has undertaken, it has plans to reduce the manpower, within a period of five years, from the present strength of 1,60,000 to 1,00,000...(*Interruptions*)

SHRI SHANKAR ROY CHOWDHURY: What about the reduction at the Ministry level.

SHRI BRAJ KISHORE TRIPATHY: There is reduction in the Ministry as well.

SHRI RAJIV SHUKLA: Sir, I would like to know from the hon. Minister whether there is any plan to disinvest SAIL, as it is incurring huge losses. If so, what is the time-frame within which it is going to be done?

SHRI BRAJ KISHORE TRIPATHY: First of all, I would say that there is no cash loss at all this year. SAIL has made a profit of Rs.415 crores. So, it is not a fact that SAIL is incurring losses. Of course, the high-interest loans, depreciation and other things add to the losses of the company. But, so far as the cash profit is concerned, in the last two to three years. SAIL has made a good amount of cash profit.

श्री बालकवि बैरागी: मुनाफे वाले को भी बेच देंगे क्या?... (व्यवधान) बालको भी मुनाफा वाला था, उसको बेचा है उन्होंने। क्या इसको भी बेच देंगे?

SHRI SURESH KESWANI: Sir, I would like to put a supplementary which is more a question at the national policy level. The total debt that is due from the steel industry has become NPA, and this is threatening to derail our entire financial system. Has it been realised that this steel will have to be exported somewhere else; that is to say, market has to be found somewhere? Looking at the glut in the steel industry worldwide, how does the Government want to deal with the huge capacities of our steel plants, some of which are already existing and some of which are there in the pipeline? How are we going to deal with this situation because this is going to threaten our total economic system? China has found a way of dealing with the excess capacity; by flooding the world market, they have kept their industries going. Instead of removing people, instead of giving them VRS, instead of closing down your plants, would the Government think of a method by which the steel industry could get into the world market?

SHRI BRAJ KISHORE TRIPATHY: Sir, we are also touching the world market. There is a good improvement, so far as exports are concerned. Last year, we had exported 3MT tonnes of our steel products. Presently, the market is sluggish in our country, and internationally also, the condition is not good for the steel sector. The developing countries are taking protective measures to discourage imports into their countries. Despite that, we are taking all steps and we are finding out how to increase our exports. It is true that the domestic consumption of steel is much less in comparison to many other parts of the world. To give you an example, the per capita consumption of steel in our country is only 26 kg., whereas it is 90 kg. in China; it is more than 400 kg., in the U.S.A. and more than 600 kg. in Japan. So, we are interested in seeing that the domestic consumption of steel increases so that whatever we produce has a market in our own country.

*204 [The questioner (Shri Bachani Lakhraj) was absent for answer vide page 23 infra.]

*205 [The questioner (Shri Satish Pradhan) was absent. For answer vide page 24 infra.]